



NEW APPLICATION



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SOUTHWEST GAS CORPORATION

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AZ CORP COMMISSION
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October 8, 2012

G-01551A-12-0434

Docket Control Office
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007-2996

Subject: Application of Southwest Gas Corporation for Approval to Increase Its Temporary Customer Credit to the Gas Cost Balancing Account

Southwest Gas Corporation herewith submits for filing an original and thirteen (13) copies of its Application for Approval to Increase Its Temporary Customer Credit to the Gas Cost Balancing Account.

Respectfully submitted,

SOUTHWEST GAS CORPORATION

By: Debra S. Gallo *for cmg*
Debra S. Gallo

c: Mr. Ernest Johnson, ACC
Ms. Jodi Jerich, RUCO
Compliance Section, ACC

Arizona Corporation Commission

DOCKETED

OCT - 9 2012

DOCKETED BY	<i>nr</i>
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1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 GARY PIERCE – Chairman
4 BOB STUMP
5 SANDRA D. KENNEDY
6 PAUL NEWMAN
7 BRENDA BURNS

8 SOUTHWEST GAS CORPORATION'S
9 APPLICATION FOR APPROVAL TO
10 INCREASE THE TEMPORARY
11 CUSTOMER CREDIT TO THE GAS
12 COST BALANCING ACCOUNT

DOCKET NO.: G-01551A-12-

13 **APPLICATION OF SOUTHWEST GAS CORPORATION FOR APPROVAL TO
14 INCREASE ITS TEMPORARY CUSTOMER CREDIT TO THE GAS COST
15 BALANCING ACCOUNT**

16 **Introduction**

17 1. Southwest Gas Corporation hereby submits its application to the Arizona
18 Corporation Commission pursuant to the Purchased Gas Cost Adjustment Provision
19 (PGA) of the Southwest Gas Arizona Gas Tariff, which requires a special review if the
20 Gas Cost Balancing Account ("GCBA") reaches \$55.78 million. Southwest Gas
21 respectfully requests approval to implement a temporary customer credit of \$0.10
22 cents per therm. Southwest Gas estimates by increasing the current temporary credit
23 of \$0.08 to \$0.10 per therm it will result in a refund of the GCBA credit balance in less
24 than 12 months.

25 2. Southwest Gas is a corporation in good standing under the laws of the
26 state of Arizona, is a corporation duly organized, validly existing, and is qualified to
27 transact intrastate business.

28 3. Southwest Gas' corporate offices are located at 5241 Spring Mountain
Road, P. O. Box 98510 Las Vegas, Nevada 89193-8510. Communications regarding
this filing should be addressed to:

1 Justin Lee Brown, Esq.
2 Assistant General Counsel
3 & Director of Legal Affairs
4 Southwest Gas Corporation
5 P.O. Box 98510
6 Las Vegas, Nevada 89193-8510
7 Telephone No. (702) 876-7183
8 Email: justin.brown@swgas.com

Debra Gallo
Director/Government & State
Regulatory Affairs
Southwest Gas Corporation
P.O. Box 98510
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4. Southwest Gas is a public utility subject to the jurisdiction of the Commission pursuant to Article XV of the Arizona Constitution and the applicable chapters of Title 40 of the Arizona Revised Statutes (A.R.S.). Southwest Gas is engaged in the retail transmission, distribution, transportation, and sale of natural gas for domestic, commercial, agricultural and industrial uses. Southwest Gas currently serves approximately 1.8 million customers in the states of Arizona, California and Nevada. Approximately 54 percent of the Company's customers are located in the state of Arizona, including portions of Cochise, Gila, Graham, Greenlee, La Paz, Maricopa, Mohave, Pima, Pinal and Yuma counties. For operational purposes, Southwest Gas' Central Arizona division is headquartered in Phoenix and its Southern Arizona division is headquartered in Tucson.

18 **Background**

19 5. Southwest Gas does not mark up or profit on the natural gas it supplies
20 to customers and is permitted to recover only the actual cost of natural gas.
21 Differences between the actual cost of natural gas and the amount recovered from
22 customers in the Monthly Gas Cost rate are tracked and recorded in the GCBA, so
23 that under-collections can be recovered by the Company and over-collections can be
24 returned to customers.

25 6. Southwest Gas' PGA is an adjustment mechanism that establishes the
26 gas cost rate to be charged to customers. The monthly PGA mechanism was initially
27 implemented in 1999 and certain aspects of the mechanism have been subsequently
28 modified by the Commission in both Southwest Gas' 2004 and 2007 general rate

1 cases. The Commission's most recent modification of the PGA occurred in Decision
2 No. 70665, issued December 24, 2008.

3 7. Commission Decision No. 70665 approved Staff's recommendation to
4 increase the bandwidth of the purchased gas cost rate from \$0.13 to \$0.15 per therm.
5 The Commission also approved Staff's concurrent recommendation to eliminate the
6 threshold for under-collected GCBA balances, and to increase the over-collection
7 threshold to \$55.78 million.

8 8. The current Southwest Gas PGA rate is calculated based upon a twelve-
9 month rolling average, with a \$0.15 cent per therm annual bandwidth. This per therm
10 annual bandwidth effectively prevents the PGA from changing by more than \$0.15
11 cents per therm from any PGA rate in effect during the preceding twelve months. The
12 rolling average and bandwidth mechanisms are designed to reduce the volatility of gas
13 costs passed on to customers.

14 9. As noted above, differences between the actual cost of natural gas and
15 the Monthly Gas Cost rate based on the rolling average twelve-month cost of natural
16 gas are tracked and recorded in the GCBA. If the GCBA balance reaches \$55.78
17 million, Southwest Gas is required to file an application for a GCBA adjustment within
18 forty-five (45) days of the monthly information filing that illustrates that the threshold
19 has been exceeded or contact the Commission to discuss why an adjustment is not
20 necessary.

21 10. In November 2009, the Commission approved Southwest Gas' request
22 to implement the existing \$0.08 per therm temporary credit to the GCBA as part of
23 Decision No. 71434. This temporary credit has remained in place since December 1,
24 2009.

25 **Request for Continuation of Temporary Credit**

26 11. Due to the decline in the market price for natural gas since 2009, the
27 GCBA has continued to experience monthly credits to the bank balance. As reflected
28 in the August 22, 2012 information filing attached hereto as Exhibit 1, Southwest Gas'

1 GCBA balance reached approximately \$56 million at the end of July 2012, triggering
2 the \$55.78 million threshold.

3 12. As reflected in Exhibit 2, based upon current projections, Southwest Gas
4 submits that the current credit balance will be fully refunded to customers within a 14
5 month time period. However, while natural gas prices and sales volumes can be
6 volatile during the winter heating season, Southwest Gas believes that a modest
7 increase in the existing \$0.08 per therm temporary credit provides for a reasonable
8 response to the triggering of the threshold in the GCBA and will provide an
9 incremental benefit to customers as we move toward the upcoming heating season.

10 13. As reflected in Exhibit 3, using the August 31, 2012 GCBA balance and
11 recorded sales for the 12-month period ended August 31, 2012, Southwest Gas
12 submits that raising the \$0.08 per therm credit to \$0.10 per therm will return the credit
13 balance in the GCBA to customers in less than twelve months. However, due to the
14 potential for volatility of natural gas prices, Southwest Gas will continue to monitor
15 future fluctuations in the GCBA balance and may propose the Commission adjust any
16 credit it authorizes pursuant to the instant application based upon actual changes in
17 the GCBA balance.

18 14. Based upon current market conditions and a slight modification to the
19 temporary credit, Southwest Gas anticipates that the GCBA balance will significantly
20 decline over the next 12 months, subject to the actual level of natural gas prices that
21 prevail during the coming winter season.

22 15. Southwest Gas further submits that when determining whether an
23 adjustment to the current temporary credit is necessary, it is prudent to balance the
24 advantages of establishing a credit that will return an over-collection to customers in a
25 timely manner against the possibility of inadvertently establishing a credit that is too
26 high and that may contribute to a later under-collection that may be burdensome to
27 resolve. Southwest Gas believes that its proposal herein strikes an appropriate
28 balance between these two considerations.

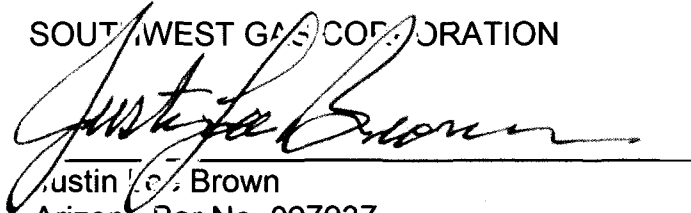
1
2 **Summary and Conclusion**

3 16. Southwest Gas respectfully requests that the Commission issue an order
4 authorizing Southwest Gas to increase the current temporary credit to its GCBA from
5 \$0.08 to \$0.10 cents per therm until the bank balance reaches zero or until otherwise
6 modified by the Commission, whichever occurs first.

7 17. Southwest Gas further requests that the Commission issue an order
8 affirming that no further action in response to triggering the GCBA threshold is
9 necessary at this time.

10 Respectfully submitted this 8th of October 2012.

11 SOUTHWEST GAS CORPORATION

12 

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SOUTHWEST GAS CORPORATION

Donald L. Soderberg, Vice President/Pricing

August 22, 2012

Arizona Corporation Commission
Compliance Section, Utilities Division
1200 West Washington Street
Phoenix, AZ 85007-2996

Subject: Docket No. G-00000C-98-0568, D.62994

Southwest Gas Corporation (Southwest) was authorized in Docket No. G-00000C-98-0568 by Decision No. 62994 to implement monthly gas cost rates for its customers in Arizona. Southwest tenders herewith the attached tariff sheets applicable to its Arizona Gas Tariff No. 7:

165th Revised A.C.C. Sheet No. 11
168th Revised A.C.C. Sheet No. 12

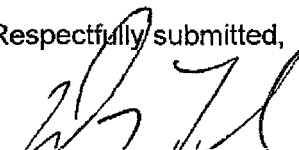
The attached tariff sheets and supporting schedules reflect revised rates effective August 29, 2012. The August 29, 2012 rate calculation utilizes the 12-month average gas cost for the period ended July 2012.

Communications regarding this filing should be directed to:

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Respectfully submitted,



Donald L. Soderberg

c Mr. Robert Gray, ACC
Ms. Jodi Jerich, RUCO

SOUTHWEST GAS CORPORATION
P.O. Box 98510
Las Vegas, Nevada 89193-8510
Arizona Gas Tariff No. 7
Arizona Division

Canceling 165th Revised A.C.C. Sheet No. 11
164th Revised A.C.C. Sheet No. 11

STATEMENT OF RATES
EFFECTIVE SALES RATES APPLICABLE TO ARIZONA SCHEDULES ^{1/ 2/}

Description	Delivery Charge	3/ Rate Adjustment	Monthly Gas Cost	Currently Effective Tariff Rate
G-5 – Single-Family Residential Gas Service				
Basic Service Charge per Month	\$ 10.70			\$ 10.70
Commodity Charge per Therm:				
All Usage	\$.70314	(\$.07559)	\$.49206	\$ 1.11961
G-6 – Multi-Family Residential Gas Service				
Basic Service Charge per Month	\$ 9.70			\$ 9.70
Commodity Charge per Therm:				
All Usage	\$.70314	(\$.07559)	\$.49206	\$ 1.11961
G-10– Single-Family Low Income Residential Gas Service				
Basic Service Charge per Month	\$ 7.50			\$ 7.50
Commodity Charge per Therm:				
Summer (May–October):				
All Usage	\$.70314	(\$.07433)	\$.49206	\$ 1.12087
Winter (November–April):				
First 150 Therms	\$.36688	(\$.07433)	\$.49206	\$.78461
Over 150 Therms	.70314	(.07433)	.49206	1.12087
G-11– Multi-Family Low Income Residential Gas Service				
Basic Service Charge per Month	\$ 7.50			\$ 7.50
Commodity Charge per Therm:				
Summer (May–October):				
All Usage	\$.70314	(\$.07433)	\$.49206	\$ 1.12087
Winter (November–April):				
First 150 Therms	\$.36688	(\$.07433)	\$.49206	\$.78461
Over 150 Therms	.70314	(.07433)	.49206	1.12087
G-15– Special Residential Gas Service for Air Conditioning				
Basic Service Charge per Month	\$ 10.70			\$ 10.70
Commodity Charge per Therm:				
Summer (May–October):				
First 15 Therms	\$.70314	(\$.07433)	\$.49206	\$ 1.12087
Over 15 Therms	.13077	(.07433)	.49206	.54850
Winter (November–April):				
All Usage	\$.70314	(\$.07433)	\$.49206	\$ 1.12087

Issued On August 22, 2012
Docket No. G-00000C-98-0568

Issued by
John P. Hester
Senior Vice President

Effective August 29, 2012
Decision No. 62994

SOUTHWEST GAS CORPORATION
P.O. Box 98510
Las Vegas, Nevada 89193-8510
Arizona Gas Tariff No. 7
Arizona Division

Canceling 168th Revised A.C.C. Sheet No. 12
167th Revised A.C.C. Sheet No. 12

STATEMENT OF RATES
EFFECTIVE SALES RATES APPLICABLE TO ARIZONA SCHEDULES ^{1/2/}
(Continued)

Description	Delivery Charge	^{3/} Rate Adjustment	Monthly Gas Cost	Currently Effective Tariff Rate
<u>G-20--Master-Metered Mobile Home Park Gas Service</u>				
Basic Service Charge per Month	\$ 66.00			\$ 66.00
Commodity Charge per Therm:				
All Usage	\$.47189	(\$.07559)	\$.49206	\$.88836
<u>G-25--General Gas Service</u>				
Basic Service Charge per Month:				
Small	\$ 27.50			\$ 27.50
Medium	43.50			43.50
Large-1	80.00			80.00
Large-2	470.00			470.00
Transportation Eligible	950.00			950.00
Commodity Charge per Therm:				
Small, All Usage	\$.83914	(\$.07433)	\$.49206	\$ 1.25687
Medium, All Usage	.45834	(.07433)	.49206	.87607
Large-1, All Usage	.41263	(.07433)	.49206	.83036
Large-2, All Usage	.28856	(.07433)	.49206	.70629
Transportation Eligible	.10923	(.07433)	.49206	.52696
Demand Charge per Month--				
Transportation Eligible:				
Demand Charge ^{4/}	\$.082459			\$.082459
<u>G-30--Optional Gas Service</u>				
Basic Service Charge per Month	As specified on A.C.C. Sheet No. 27.			
Commodity Charge per Therm:				
All Usage	As specified on A.C.C. Sheet No. 28.			
<u>G-40--Air-Conditioning Gas Service</u>				
Basic Service Charge per Month	As specified on A.C.C. Sheet No. 32.			
Commodity Charge per Therm:				
All Usage	\$.13077	(\$.07433)	\$.49206	\$.54850
<u>G-45--Street Lighting Gas Service</u>				
Commodity Charge per Therm of Rated Capacity:				
All Usage	\$.69242	(\$.07433)	\$.49206	\$ 1.11015
<u>G-55--Gas Service for Compression ^{5/} on Customer's Premises</u>				
Basic Service Charge per Month:				
Small	\$ 27.50			\$ 27.50
Large	250.00			250.00
Residential	10.70			10.70
Commodity Charge per Therm:				
All Usage	\$.21470	(\$.07433)	\$.49206	\$.63243
<u>G-60--Electric Generation Gas Service</u>				
Basic Service Charge per Month	As specified on A.C.C. Sheet No. 40.			
Commodity Charge per Therm:				
All Usage	\$.15421	(\$.07433)	\$.49206	\$.57194
<u>G-75--Small Essential Agricultural User Gas Service</u>				
Basic Service Charge per Month	\$ 120.00			\$ 120.00
Commodity Charge per Therm:				
All Usage	\$.28037	(\$.07433)	\$.49206	\$.69810

Issued On August 22, 2012
Docket No. G-00000C-98-0568

Issued by
John P. Hester
Senior Vice President

Effective August 29, 2012
Decision No. 62994

**SOUTHWEST GAS CORPORATION
ARIZONA JURISDICTION
UNRECOVERED PURCHASED GAS COST BALANCE REPORT
JULY 2012**

Line No.	Description (a)	Current Month Gas Cost (b)	Bank Balance (c)	Line No.
1	Account No. 19102238, Unrecovered Purchased Gas Costs, at June 30, 2012		\$ (53,898,240)	1
2	Interest		(8,534)	2
3	Purchased Gas Cost (Page 3)	\$ 7,219,927		3
4	Transportation Costs (Page 3)	2,139,888		4
5	Transportation Distribution Shrinkage and Gas Cost Balancing	189		5
6	Sales Shrinkage	(2,669)		6
7	Interstate Pipeline Charge Recovery (including adjustments)	(3,616)		7
8	Transportation Customer Imbalance Charges	(18,724)		8
9	Special Procurement Customer Capacity Credits	(96,115)		9
10	Net Recorded Gas Cost		9,238,880	10
11	Total Sales Conversion Therms	-		11
12	Sales Conversion Gas Costs Rate	\$ -		12
13	Sales Conversion Gas Costs (includes prior period correction)		-	13
14	Total MGC - Therms [1]	26,037,804		14
15	Monthly Gas Cost Rate	\$ (0.52200)		15
16	Monthly Gas Cost		(13,591,767)	16
17	Total Sales Therms	24,745,403		17
18	PGA Amortization Rate	\$ 0.08000		18
19	PGA Amortization		1,978,671	19
20	Account No. 19102238, Unrecovered Purchased Gas Costs, at July 31, 2012		\$ (56,280,990)	20

[1] Prior month sales volume, excluding Aggregation, sales conversion, Optional, and Procurement.

SOUTHWEST GAS CORPORATION
ARIZONA JURISDICTION
COST OF GAS DETAIL
JULY 2012

Line No.	Description (a)	Therms (b)	Per Unit Cost (c)	Total Cost (d)	Line No.
June 2012 Actual Gas Costs					
Spot Purchases					
Fixed					
1	BP ENERGY COMPANY FIXED	50,000	\$ 0.22900	\$ 11,450.00	1
2	CONOCOPHILLIPS COMPANY FIXED	3,000,000	0.21950	658,500.00	2
3	ENCANA MARKETING (USA) INC. FIXED	50,000	0.23250	11,625.00	3
4	Total Fixed Spot Purchases	3,100,000	\$ 0.21986	\$ 681,575.00	4
Indexed Price					
5	ABQ ENERGY GROUP INDEX	447,610	\$ 0.23650	\$ 105,859.77	5
6	CONOCOPHILLIPS COMPANY INDEX	6,462,370	0.22979	1,484,988.02	6
7	EDF TRADING NORTH AMERICA LLC INDEX	1,499,250	0.23700	355,322.25	7
8	IBERDROLA ENERGY SERVICES LLC INDEX	1,852,650	0.23681	438,732.53	8
9	MACQUARIE ENERGY LLC INDEX	6,000,000	0.24725	1,483,500.30	9
10	PACIFIC SUMMIT ENERGY LLC INDEX	30,000	0.21000	6,300.00	10
11	OPTIONAL/BYPASS	(558,335)	0.34311	(191,570.34)	11
12	SPECIAL PROCUREMENT PURCHASES	(1,360,131)	(0.10729)	145,932.97	12
13	Total Indexed Price Spot Purchases	14,373,414	\$ 0.26640	\$ 3,829,065.60	13
14	Total Spot Purchases	17,473,414	\$ 0.25814	\$ 4,510,640.50	14
Firm Purchases					
Fixed Price					
15	SHELL ENERGY NORTH AM (US) L.P. TERM FIXED	1,500,000	\$ 0.45150	\$ 677,250.00	15
16	Total Fixed Price Firm Purchases	1,500,000	\$ 0.45150	\$ 677,250.00	16
Indexed Price					
17	BP ENERGY COMPANY	3,900,000	0.23623	\$ 921,297.00	17
18	DACOTT INDUSTRIES INC.	13,540	0.23190	3,139.93	18
19	TENASKA GAS STORAGE LLC	1,200,000	0.23500	282,000.00	19
20	Total Indexed Firm Purchases	5,113,540	\$ 0.23593	\$ 1,206,436.93	20
Fixed-for-Float Index Swap					
21	WELLS FARGO [1]			\$ 50,100.00	21
22	CITIGROUP ENERGY INC. [2]			425,250.00	22
23	CITIGROUP ENERGY INC. [3]			286,500.00	23
24	CITIGROUP ENERGY INC. [4]			63,750.00	24
25	Total Fixed-for-Float Index Swap	-		\$ 825,600.00	25
26	Total Firm Purchases	6,613,540	\$ 0.40966	\$ 2,709,286.93	26
27	Total Gas Purchases	24,086,954	\$ 0.29974	\$ 7,219,927.43	27

SOUTHWEST GAS CORPORATION
ARIZONA JURISDICTION
COST OF GAS DETAIL
JULY 2012

Line No.	Description (a)	Therms (b)	Per Unit Cost (c)	Total Cost (d)	Line No.
Transportation Charges					
	El Paso Firm Reservation				
28	EPNG FIRM RESERVATION CHARGES	FT28K000		631,649.57	28
29	EPNG FIRM RESERVATION CHARGES	FT28M000		1,426,705.22	29
30	Total EPNG Reservation Charges			2,058,354.79	30
31	EPNG ACA		\$	4,231.55	31
32	EPNG BASE USAGE			54,600.06	32
33	EPNG SCHED PENALTY NC			4,220.41	33
34	EPNG JHSW			1,768.80	34
35	TWPL ACA			1.59	35
36	TWPL BASE USAGE			210.33	36
37	TWPL RESERVATION CHARGES			16,500.00	37
38	Total Transportation Charges			\$ 2,139,887.53	38
39		24,086,954	\$ 0.38858	\$ 9,359,814.96	39

[1] Contract for 4,000 dth/day x 30 days = 120,000 dth. Contract price of \$2.7775/dth less index price of \$2.3600, settlement price of \$.4175 (120,000 x \$.4175 = \$50,100). The physical firm index purchase is matched to Line No. 19 Tenaska Gas Storage.

[2] Contract for 7,000 dth/day x 30 days = 210,000 dth. Contract price of \$4.385/dth less index price of \$2.360, settlement price of \$2.0250 (210,000 x \$2.0250 = \$425,250). The physical firm index purchase is matched to Line No. 17 BP Energy Company.

[3] Contract for 5,000 dth/day x 30 days = 150,000 dth. Contract price of \$4.270/dth less index price of \$2.360, settlement price of \$1.910 (150,000 x 1.910 = \$286,500). The physical firm index purchase is matched to Line No. 17 BP Energy Company.

[4] Contract for 1,000 dth/day x 30 days = 30,000 dth. Contract price of \$4.485/dth less index price of \$2.3600, settlement price of \$2.1250 (30,000 x \$2.1250 = \$63,750). The physical firm index purchase is matched to Line No. 17 BP Energy Company.

**SOUTHWEST GAS CORPORATION
ARIZONA JURISDICTION
EL PASO NATURAL PIPELINE COMPANY
INTERSTATE PIPELINE CHARGES AND PENALTIES
TRANSPORTATION CUSTOMER RESPONSIBILITY
JULY 2012
JUNE 2012 ACTUAL GAS COSTS**

Line No.	Description (a)	Total Charge (b)	Line No.
1	Interruptible Hourly Swing (IHSW)	\$ 981	1
2	Maximum Daily Obligation (MDO)	-	2
3	Maximum Hourly Obligation (MHO)	-	3
4	Daily Authorized Overrun	-	4
5	Daily Unauthorized Overrun	-	5
6	Hourly Scheduling Penalty	2,635	6
7	Critical Operating Condition (COC)	-	7
8	Strained Operating Condition (SOC)	-	8
9	Total Penalties	<u>\$ 3,616</u>	9

ARIZONA JURISDICTION
PGA ROLLING AVERAGE CALCULATIONS
SEPTEMBER 2012

Line No.	Acct. Month	Commodity Cost (b)	Transportation Cost (c)	Interest (d)	Total (e)	Purchased Volumes (f)	Cost Per Therm (g)	Monthly Sales (h)	Twelve Months Ending Total Cost (i)	Monthly Cost Per Therm Sold (k)	Total Cost 12-Month Rolling Average (l)	Effective Monthly Gas Cost Rate (m)	Line No.
1	Jul-11	11,020,052	3,401,844	(5,293)	14,416,603	24,212,558	0.59542	28,105,836	332,313,143	0.51294	0.63453	0.63453	1
2	Aug-11	8,998,274	3,239,170	(5,744)	12,232,700	19,401,035	0.63052	23,115,097	331,353,052	0.52921	0.63248	0.63248	2
3	Sep-11	10,053,708	3,292,274	(7,060) [1]	13,348,922	22,768,878	0.58628	21,200,877	331,239,284	0.62964	0.63221	0.63221	3
4	Oct-11	9,502,978	2,089,775	(2,937)	11,589,816	21,571,117	0.53728	21,518,129	330,301,124	0.53861	0.63105	0.63105	4
5	Nov-11	11,881,187	2,132,923	(3,264)	14,010,846	26,945,234	0.51997	24,250,199	329,042,923	0.57776	0.62802	0.62802	5
6	Dec-11	19,578,669	6,024,135	(3,211)	25,599,593	47,579,805	0.53803	34,263,612	320,826,042	0.74714	0.61167	0.61167	6
7	Jan-12	40,345,906	8,028,422	(2,839)	48,372,489	99,103,578	0.48810	70,340,242	322,893,176	0.68769	0.60796	0.60796	7
8	Feb-12	31,250,990	8,260,109	(1,881)	39,509,218	79,381,427	0.49771	91,644,718	303,236,998	0.43111	0.56994	0.56994	8
9	Mar-12	26,696,710	7,310,885	(3,942)	34,003,653	67,524,326	0.50283	71,749,004	282,824,446	0.47393	0.54574	0.54574	9
10	Apr-12	19,427,012	6,851,715	(5,360)	26,273,367	51,885,947	0.50637	60,736,948	276,410,892	0.43258	0.53446	0.53446	10
11	May-12	7,508,685	2,195,322	(5,954)	9,698,053	32,403,160	0.29929	41,261,736	266,896,593	0.23504	0.51350	0.51350	11
12	Jun-12	7,834,557	2,049,482	(4,255) [1]	9,879,784	32,212,317	0.30671	29,619,811	258,935,044	0.33355	0.50006	0.50006	12
13	Jul-12	7,219,927	2,043,773	(8,534)	9,255,166	24,086,954	0.38424	26,037,804	253,773,607	0.35545	0.49206	0.49206	13
14									Commodity Cost 12-Month Rolling Average		\$0.49206	\$0.49206	14
15									Lowest PGA Rate in Previous 12 Months		0.50006	0.50006	15
16									Highest PGA Rate in Previous 12 Months		0.63453	0.63453	16
17									Maximum Rate Possible		0.65006	0.65006	17
18									Minimum Rate Possible		0.48453	0.48453	18
19									Monthly Gas Cost for September 2012		<u>\$0.49206</u>	<u>\$0.49206</u>	19

[1] The September 2011 gas cost balancing account interest was overstated by \$3,683. A correction was made to restore the overstated interest in June 2012. For June 2012, current interest is (\$7,938) and the interest correction is \$3,683.

SOUTHWEST GAS CORPORATION
ARIZONA JURISDICTION
JULY 2012

Line No.	Description (a)	Totals (b)	Line No.
	Sales (Therms)		
1	Residential	11,117,538	1
2	Commercial	12,566,382	2
3	Industrial	1,057,454	3
4	Irrigation/Water Pumping	1,282,150	4
5	Other	14,280	5
6	Total Sales (Therms)	<u>26,037,804</u>	6
	Sales (Dollars)		
7	Residential	\$ 22,959,054	7
8	Commercial	12,619,917	8
9	Industrial	803,733	9
10	Irrigation/Water Pumping	699,737	10
11	Other	7,563	11
12	Total Sales (Dollars)	<u>\$ 37,090,004</u>	12
	Number of Customers		
13	Residential	948,343	13
14	Commercial	39,040	14
15	Industrial	208	15
16	Irrigation/Water Pumping	335	16
17	Other	2	17
18	Total Customers	<u>987,928</u>	18

**SOUTHWEST GAS CORPORATION
ARIZONA JURISDICTION
MEAN AND MEDIAN USAGE LEVELS
FOR G-5 AND G-10 RATE SCHEDULES
JULY 2012**

Line No.	Month/ Year (a)	Residential Single Family G-5		LIRA Residential Single Family G-10		Line No.
		Mean (b)	Median (c)	Mean (d)	Median (e)	
1	August-11	9	7	9	8	1
2	September-11	9	7	9	8	2
3	October-11	11	8	11	9	3
4	November-11	17	12	16	13	4
5	December-11	47	37	45	37	5
6	January-12	65	57	61	55	6
7	February-12	48	42	45	40	7
8	March-12	38	31	37	32	8
9	April-12	23	18	22	19	9
10	May-12	14	11	14	12	10
11	June-12	12	9	12	10	11
12	July-12	9	7	10	8	12
13	Total	302	246	291	251	13

SOUTHWEST GAS CORPORATION
P.O. Box 98510
Las Vegas, Nevada 89193-8510
Arizona Gas Tariff No. 7
Arizona Division

Monthly Gas Cost
Sheet 8 of 9

Canceling 55th Revised A.C.C. Sheet No. 13
54th Revised A.C.C. Sheet No. 13

STATEMENT OF RATES
EFFECTIVE SALES RATES APPLICABLE TO ARIZONA SCHEDULES ^{1/2/}
(Continued)

Description	Delivery Charge	3/ Rate Adjustment	Monthly Gas Cost	Currently Effective Tariff Rate
G-80 - Natural Gas Engine 6/ Water Pumping Gas Service				
Basic Service Charge per Month:				
Off-Peak Season (October-March)	\$.00			\$.00
Peak Season (April-September)	\$ 125.00			\$ 125.00
Commodity Charge per Therm:				
All Usage	\$.22065	\$.00667	\$.28604	\$.51236

- 1/ All charges are subject to adjustment for any applicable taxes or governmental impositions.
- 2/ Customers taking transportation service will pay the Basic Service Charge, the Commodity Charge per Therm less the Monthly Gas Cost, and Demand Charge, if applicable, of the Currently Effective Tariff Rate for each meter included in the transportation service agreement, plus an amount of \$.00478 per therm for distribution shrinkage as defined in Rule No. 1 of this Arizona Gas Tariff. The shrinkage charge shall be updated annually effective May 1. For customers converting from sales service, an additional amount equal to the currently effective Gas Cost Balancing Account Adjustment will be assessed for a period of 12 months.

Issued On April 27, 2012
Docket No. G-01551A-04-0876

Issued by
John P. Hester
Senior Vice President

Effective May 1, 2012
Decision No. 68487

STATEMENT OF RATES
EFFECTIVE SALES RATES APPLICABLE TO ARIZONA SCHEDULES ^{11/21}
(Continued)

3/ The Rate Adjustment applicable to each tariff rate schedule includes the following components.

Rate Schedule	G-5, G-6	G-10, G-11, G-15, G-25S, G-25M, G-25L1, G-25L2	G-20	G-25TE, G-40, G-45, G-55, G-60, G-75	Adjustment Date
Low Income Ratepayer Assistance	\$ (0.00126)	n/a	\$ (0.00126)	n/a	1st Billing Cycle in May
Demand Side Management	0.00200	\$ 0.00200	0.00200	\$ 0.00200	1st Billing Cycle in April
Gas Research Fund	0.00204	0.00204	0.00204	0.00204	1st Billing Cycle in May
Department of Transportation	0.00163	0.00163	0.00163	0.00163	1st Billing Cycle in March
Gas Cost Balancing Account	(0.08000)	(0.08000)	(0.08000)	(0.08000)	Per Commission Order
COYL Cost Recovery	0.00000	0.00000	0.00000	0.00000	Per Commission Order
Energy Efficiency	0.00000	0.00000	n/a	n/a	Per Commission Order
Total Rate Adjustment	\$ (0.07559)	\$ (0.07433)	\$ (0.07559)	\$ (0.07433)	

Rate Schedule	G-80	G-30, SB-1, Special Contract	Adjustment Date
Low Income Ratepayer Assistance	n/a	n/a	1st Billing Cycle in May
Demand Side Management	\$ 0.00200	n/a	1st Billing Cycle in April
Gas Research Fund	0.00204	n/a	1st Billing Cycle in May
Department of Transportation	0.00163	\$ 0.00163	1st Billing Cycle in March
Gas Cost Balancing Account	n/a	n/a	Per Commission Order
COYL Cost Recovery	0.00000	n/a	Per Commission Order
Energy Efficiency	n/a	n/a	Per Commission Order
Total Rate Adjustment	\$ 0.00567	\$ 0.00163	

- 4/ The total monthly demand charge is equal to the unit rate shown multiplied by the customer's billing determinant.
- 5/ The charges for Schedule No. G-55 are subject to adjustment for applicable state and federal taxes on fuel used in motor vehicles.
- 6/ The gas cost for this rate schedule shall be updated seasonally, April 1 and October 1 of each year.

ARIZONA MONTHLY GAS COST

GLOSSARY

Arizona Monthly Gas Cost – Glossary

“ACA Charge” – A surcharge as permitted by 18 C.F.R. 154.402 which allows interstate pipeline companies to recover from its shippers all Total Annual Charges assessed it by the FERC pursuant to 18 C.F.R. 382.

“Arizona Price Stability Program or APSP” – Fixed-price Firm Purchases and Fixed-For-Floating Index Swaps. These supplies mitigate short-term market price volatility. While the Fixed-price contracts provide physical gas, the Fixed-For-Floating Index Swaps are financial instruments that mitigate the price volatility of the associated Indexed-price physical purchase

“Base Usage” – The total cost an interstate pipeline receives to cover the variable costs to receive, transport and redelivery natural gas. This cost is calculated by multiplying the total throughput on the interstate pipeline for a month by the FERC approved usage rate.

“Buyers Liquidated Damage” or “Buy Liquid Damage” or “Buy Liq Damage” – The amount of contractual damages due to the Buyer (i.e. Southwest Gas Corporation) when a seller fails to meet a firm obligation.

“Capacity Release Credit” – The total credit received by a shipper when it releases its firm interstate pipeline capacity to a third-party.

“EPNG” – El Paso Natural Gas Company

“Firm Purchases” – The supplies purchased through either the Arizona Price Stability Program or the Term Purchase Program.

“Fixed-For-Floating Index Swap” – A financial transaction used for converting Indexed-price supplies to Fixed-price supplies. Under a Fixed-For-Floating Index Swap, if the published index is above the agreed upon swap price, the seller pays the buyer (Southwest) the difference between the actual value of the index and the agreed upon swap price. If the published index is below the agreed upon swap price, the buyer (Southwest) pays the seller the difference between the swap price and the actual value of the index. Southwest combines a Fixed-For-Floating Index Swap with an Indexed-price Firm Purchase of physical baseload gas. The combination of the swap and the physical purchase are equivalent to a Fixed-price physical contract.

“Fixed-price” – The pricing mechanism whereby the price agreed to by Southwest and the gas supplier is fixed at the time the transaction is completed.

“Hourly Scheduling Penalty” – For EPNG service only, a penalty assessed to a delivery point operator when the total amount of gas used in any one hour at a specific D-Code exceed the amount of hourly rights scheduled to that specific D-Code for that same hour. An “NC” designation indicates non-critical.

“IHSW” – For EPNG service only, Interruptible Hourly Swing (IHSW) is an interruptible service that, if available, will avoid an Hourly Scheduling Penalty.

“Indexed-price” – The pricing mechanism whereby the price agreed to by Southwest and the gas supplier is a function of an index that is published by a third-party at a date after the transaction is completed.

"Interstate Pipeline Charge Recovery" – Overrun penalties charged to the Utility from El Paso Natural Gas Company that are charged to the transportation customers that incurred the penalties.

"Monthly gas cost" – Prior month sales gas cost, excluding aggregation, sales conversion, optional and procurement.

"Sales Conversion Monthly Gas Cost Rate" – Gas Cost Rate for Sales Conversion customers.

"Monthly Gas Cost Rate" – The Monthly Gas Cost (MGC) rate for schedules covered by this provision includes the sum of the rolling twelve-month average purchased gas (PGA) rate plus the Gas Cost Balancing Adjustment, if applicable.

"PGA Amortization" – The Utility establishes and maintains a Gas Cost Balancing Account, if necessary, for the schedules subject to this provision. Entries are made to this account each month to maintain the difference between the actual gas purchased and the gas sold to customers. The Purchased Gas Cost Adjustment Provision applies to all schedules except for Schedule Nos. G-30 and G-80 of the Arizona Gas Tariff.

"PGA Amortization Rate" – The authorized rate to maintain a Gas Cost Balancing Account.

"Purchase Gas Cost" – Prior month purchased gas.

"Reservation Charges" – The total cost an interstate pipeline receives to cover the fixed cost to receive, transport and redeliver natural gas on a firm basis. This cost is calculated by multiplying the total contract demand on a specific transportation service agreement by the FERC approved reservation rate.

"Reverse Liquidated Damage" or "Rev Liquid Damage" or "Rev Liq Damage" – An accounting entry reversing erroneously assessed liquidated damages.

"Sales Conversion Gas Cost" – Total cost of gas for Sales Conversion customers. Transportation customers who switch to sales Service will be billed the higher of the following charges for the gas cost component of the customer's commodity charge per therm for a period of 12 months:

1. The Monthly Gas Cost component of the currently effective tariff rate contained in the customer's applicable sales schedule.
2. The incremental cost of gas procured by the Utility to serve the customer's additional sales volumes, including upstream interstate pipeline charges.

"Sales Shrinkage" – The cost of the gas volumes lost, unaccounted for, or used as fuel in the transportation process and represented by the differential between the cost of gas on a sales basis and the cost of gas on a purchased basis charged to sales customers.

"Special Procurement Customer Capacity Credits" – Contracted capacity used by special procurement customers.

"Sellers Liquidated Damage" or "Sell Liquid Damage" or "Sell Liq Damage" – The amount of contractual damages due to the Seller (i.e. Southwest Gas Corporation's natural gas supplier) when a Southwest Gas Corporation fails to meet a firm obligation.

"Spot Purchases" – The short-term supplies (one month or less, may be firm or interruptible), selected monthly and intra-monthly, that are integral to the "least cost dispatch" efforts. Southwest makes Spot Purchases to fill daily requirements or in lieu of higher cost Term Purchases. Spot Purchases may have either Fixed or Indexed pricing.

"Term Purchases" – Traditional Firm Purchases that are selected during an annual solicitation. Proposals for Term Purchases are evaluated using a cost optimization model. This portion of the portfolio provides the flexible firm peaking supplies that Southwest must have available for reliable service to its sales customers. Term Purchases generally have Indexed-prices.

"Total MGC – Therms" – Prior month sales volume, excluding Aggregation, sales conversion, optional and procurement.

"Total Sales Conversion Therms" – Sales Conversion customer volumes. (See Sales Conversion Gas Cost)

"Total Sales Therms" – Total Volumes sold to sales customers.

"Transportation Costs" – See Transportation Charges.

"Transportation Charges" – Charges paid to entities upstream of Southwest's city gate for the receipt, interstate transportation, and redelivery of Southwest's purchases that were made in the production basins. Transportation Charges include any credits received from the release of interstate transportation capacity to third-parties.

"Transportation Customer Imbalance Charges" – Transportation customers are assessed imbalance charges if an imbalance exists in excess of applicable daily or monthly operating windows.

"Transportation Distribution Shrinkage and Gas Cost Balancing" – Gas Cost Balancing - For customers converting from sales service to transportation service, an additional amount equal to the currently effective Gas Cost Balancing Account Adjustment will be assessed for a period of 12 months and amounts collected shall be recorded in the Gas Cost Balancing Account. Transportation Distribution Shrinkage – The cost of gas volumes lost, unaccounted for, or used as company fuel in the transportation process and represented by the differential between the cost of gas on a sales basis and cost of gas on a purchased basis charged to transportation customers.

"TWPL" – Transwestern Pipeline Company, LLC

**AFFIDAVIT IN SUPPORT OF
PURCHASED GAS ADJUSTOR REPORT**

STATE OF NEVADA)
) ss.
COUNTY OF CLARK)

The undersigned, being first duly sworn, deposes and says that he has been informed and is competent to testify to the following:

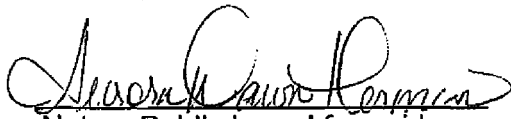
1. I am an officer of Southwest Gas Corporation, and my present position is Vice President/Pricing.

2. I have reviewed the tariff sheets and supporting schedules reflecting revised rates effective August 29, 2012, and I am informed and believe that the information contained therein is true and accurate.

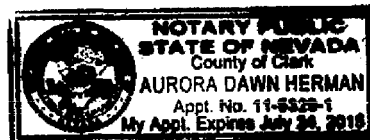


Donald L. Soderberg

SUBSCRIBED and SWORN to before
me this 22nd day of August, 2012.



Notary Public in and for said
County and State



SOUTHWEST GAS CORPORATION
ARIZONA JURISDICTION
PROJECTED ACCOUNT 191 BALANCE
THROUGH DECEMBER 2012

Accounting Month/Description	(a)	Actual January 2012	Actual February 2012	Actual March 2012	Actual April 2012	Actual May 2012	Actual June 2012	Actual July 2012	August 2012	September 2012	October 2012	November 2012	December 2012
	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
Prior Month Bank Balance (Over) / Under Collection		\$ (28,387,621) \$	\$ (18,811,322) \$	\$ (29,563,247) \$	\$ (33,854,412) \$	\$ (39,695,076) \$	\$ (50,137,019) \$	\$ (53,898,239) \$	\$ (56,280,989) \$	\$ (57,543,699) \$	\$ (57,344,931) \$	\$ (56,811,843) \$	\$ (55,577,972) \$
Monthly Gas Cost													
Therms Purch. Mainline		99,103,578	79,381,427	67,624,329	51,865,947	32,403,160	32,212,317	24,086,954	21,066,110	21,971,099	23,915,816	29,232,650	46,977,912
Avg. Cost Per Therm		\$ 0.40711 \$	\$ 0.39368 \$	\$ 0.35394 \$	\$ 0.37442 \$	\$ 0.23173 \$	\$ 0.24322 \$	\$ 0.29974 \$	\$ 0.27191 \$	\$ 0.29566 \$	\$ 0.29627 \$	\$ 0.29779 \$	\$ 0.34282
Gas Cost		\$ 40,345,906 \$	\$ 31,250,990 \$	\$ 26,696,710 \$	\$ 19,427,012 \$	\$ 7,508,884 \$	\$ 7,834,557 \$	\$ 7,219,927 \$	\$ 5,728,086 \$	\$ 6,495,975 \$	\$ 7,085,535 \$	\$ 8,705,320 \$	\$ 16,095,361
Reservation Charges		7,895,590	8,250,897	7,381,867	6,954,424	2,122,423	1,994,187	2,058,355	2,028,229	2,028,229	2,067,939	2,049,753	7,164,439
Trans. & Misc. Charges		341,294	266,666	216,508	95,758	130,568	95,114	81,533	91,816	92,907	92,523	121,082	197,531
Purchased Gas Cost		\$ 48,582,790 \$	\$ 39,768,553 \$	\$ 34,295,085 \$	\$ 26,477,195 \$	\$ 9,761,675 \$	\$ 9,923,858 \$	\$ 9,359,815 \$	\$ 7,848,131 \$	\$ 8,617,111 \$	\$ 9,245,997 \$	\$ 10,876,155 \$	\$ 23,457,331
Opt. Sales Cr. & Shrink		(46,368)	(40,488)	(37,908)	(45,500)	(40,133)	(22,597)	(6,096)					
Customer Penalties		4,751	(674)	(83,637)	(10,030)	641	9,879	(18,724)					
Gas Procurement Credits		(108,423)	(153,784)	(153,784)	(115,338)	(57,669)	(39,819)	(96,115)					
Conv. Sales True-Up													
Capacity Release Credits		(99,038)	(103,670)	(133,706)	(83,130)	0	1						
Other Debits & Credits		29			1	2							
Subtotal Adjustments		\$ (249,049) \$	\$ (298,616) \$	\$ (409,035) \$	\$ (253,987) \$	\$ (97,159) \$	\$ (52,536) \$	\$ (120,935) \$	\$ 0 \$	\$ 0 \$	\$ 0 \$	\$ 0 \$	\$ 0
Net Gas Cost		\$ 48,333,741 \$	\$ 39,469,937 \$	\$ 33,886,050 \$	\$ 26,223,198 \$	\$ 9,664,516 \$	\$ 9,871,322 \$	\$ 9,238,880 \$	\$ 7,848,131 \$	\$ 8,617,111 \$	\$ 9,245,997 \$	\$ 10,876,155 \$	\$ 23,457,331
Gas Cost Revenue Recovered From Rates													
Total Sales (Therms)		70,340,242	91,644,718	71,749,081	60,736,948	40,449,211	29,619,811	26,037,804	22,082,014	20,780,548	21,695,454	24,195,892	32,136,040
Gas Cost Rate per Therm*		\$ (0.55096) \$	\$ (0.54799) \$	\$ (0.53204) \$	\$ (0.52783) \$	\$ (0.49893) \$	\$ (0.45998) \$	\$ (0.44601) \$	\$ (0.41209) \$	\$ (0.40453) \$	\$ (0.40105) \$	\$ (0.39802) \$	\$ (0.37499) \$
Gas Cost Revenue		\$ (38,754,603) \$	\$ (50,219,981) \$	\$ (38,173,273) \$	\$ (32,058,502) \$	\$ (20,100,505) \$	\$ (13,624,604) \$	\$ (11,613,096) \$	\$ (9,099,115) \$	\$ (8,406,355) \$	\$ (8,700,962) \$	\$ (9,630,449) \$	\$ (12,049,730) \$
Interest		\$ (2,839) \$	\$ (1,881) \$	\$ (3,942) \$	\$ (5,360) \$	\$ (5,954) \$	\$ (7,938) \$	\$ (8,534) \$	\$ (11,725) \$	\$ (11,988) \$	\$ (11,947) \$	\$ (11,836) \$	\$ (11,579) \$
Proj. Account 191 End of Month (Over) / Under Collected		\$ (18,811,322) \$	\$ (29,563,247) \$	\$ (33,854,412) \$	\$ (39,695,076) \$	\$ (50,137,019) \$	\$ (53,898,239) \$	\$ (56,280,989) \$	\$ (57,543,699) \$	\$ (57,344,931) \$	\$ (56,811,843) \$	\$ (55,577,972) \$	\$ (44,181,950) \$
Includes Gas Cost Balancing Account Adjustment of \$(0.08) per therm from January 2012 - October 2012, and \$(1.10) per therm beginning November 1, 2012.													

* Includes Gas Cost Balancing Account Adjustment of \$(0.08) per therm from January 2012 - October 2012, and \$(.10) per therm beginning November 1, 2012.

**SOUTHWEST GAS CORPORATION
ARIZONA JURISDICTION
PROJECTED ACCOUNT 191 BALANCE
THROUGH DECEMBER 2013**

Accounting Month/Description (a)	January 2013 (b)	February 2013 (c)	March 2013 (d)	April 2013 (e)	May 2013 (f)	June 2013 (g)	July 2013 (h)	August 2013 (i)	September 2013 (j)	October 2013 (k)	November 2013 (l)	December 2013 (m)
Prior Month Bank Balance (Over) / Under Collection	\$ (44,181,950) \$	(29,629,997) \$	(18,745,115) \$	(9,090,348) \$	(1,983,165) \$	(1,193,199) \$	106,441 \$	(220,045) \$	(1,257,087) \$	(1,627,654) \$	(1,750,392) \$	(1,177,940) \$
Monthly Gas Cost												
Therms Purch Mainline	78,995,695	85,999,661	71,721,109	53,281,884	35,717,271	30,400,220	25,346,942	22,588,181	21,971,099	23,915,816	29,232,650	46,977,912
Avg. Cost Per Therm	\$ 0.35293 \$	\$ 0.35006 \$	\$ 0.36368 \$	\$ 0.36977 \$	\$ 0.33950 \$	\$ 0.33378 \$	\$ 0.34460 \$	\$ 0.33550 \$	\$ 0.33560 \$	\$ 0.33600 \$	\$ 0.33860 \$	\$ 0.35020 \$
Gas Cost	\$ 27,879,800 \$	\$ 30,879,014 \$	\$ 26,083,323 \$	\$ 19,702,123 \$	\$ 12,125,983 \$	\$ 10,148,863 \$	\$ 8,734,528 \$	\$ 7,533,158 \$	\$ 7,373,501 \$	\$ 8,035,714 \$	\$ 9,898,175 \$	\$ 16,451,665 \$
Reservation Charges	7,895,590	8,250,897	7,381,867	6,954,424	2,122,423	1,994,187	2,068,355	2,028,229	2,028,229	2,067,939	2,049,753	7,164,439
Trans. & Misc. Charges	341,294	268,666	216,508	95,758	130,568	95,114	81,533	91,816	92,907	92,523	121,082	197,531
Purchased Gas Cost	\$ 36,116,684 \$	\$ 39,396,576 \$	\$ 33,681,697 \$	\$ 26,752,306 \$	\$ 14,378,974 \$	\$ 12,236,164 \$	\$ 10,874,415 \$	\$ 9,653,203 \$	\$ 9,494,637 \$	\$ 10,196,176 \$	\$ 12,069,010 \$	\$ 23,813,635 \$
Opt. Sales Cr. & Shrink.												
Customer Penalties												
Gas Procurement Credits												
Conv. Sales True-Up												
Capacity Release Credits												
Other Debits & Credits												
Subtotal Adjustments	\$ 0 \$	\$ 0 \$	\$ 0 \$	\$ 0 \$	\$ 0 \$	\$ 0 \$	\$ 0 \$	\$ 0 \$	\$ 0 \$	\$ 0 \$	\$ 0 \$	\$ 0 \$
Net Gas Cost	\$ 36,116,684 \$	\$ 39,396,576 \$	\$ 33,681,697 \$	\$ 26,752,306 \$	\$ 14,378,974 \$	\$ 12,236,164 \$	\$ 10,874,415 \$	\$ 9,653,203 \$	\$ 9,494,637 \$	\$ 10,196,176 \$	\$ 12,069,010 \$	\$ 23,813,635 \$
Gas Cost Revenue Recovered from Rates												
Total Sales (Therms)	60,217,696	89,096,462	76,804,862	61,341,002	40,206,512	30,676,790	27,086,774	22,752,853	20,780,548	21,695,454	24,195,892	32,136,040
Gas Cost Rate per Therm*	\$ (0.35796) \$	\$ (0.31994) \$	\$ (0.31278) \$	\$ (0.32023) \$	\$ (0.33797) \$	\$ (0.36650) \$	\$ (0.41352) \$	\$ (0.46984) \$	\$ (0.47472) \$	\$ (0.47561) \$	\$ (0.47513) \$	\$ (0.47004) \$
Gas Cost Recovered from Rates	\$ (21,555,526) \$	\$ (28,505,522) \$	\$ (24,023,025) \$	\$ (19,643,229) \$	\$ (13,588,595) \$	\$ (10,936,276) \$	\$ (11,200,923) \$	\$ (10,690,200) \$	\$ (9,864,942) \$	\$ (10,318,575) \$	\$ (11,496,194) \$	\$ (15,105,224) \$
Interest	\$ (9,205) \$	\$ (6,173) \$	\$ (3,905) \$	\$ (1,894) \$	\$ (413) \$	\$ (249) \$	\$ 22 \$	\$ (46) \$	\$ (262) \$	\$ (339) \$	\$ (365) \$	\$ (245) \$
Proj. Account 191 End of Month (Over) / Under Collected	\$ (29,629,997) \$	\$ (18,745,115) \$	\$ (9,090,348) \$	\$ (1,983,165) \$	\$ (1,193,199) \$	\$ 106,441 \$	\$ (220,045) \$	\$ (1,257,087) \$	\$ (1,627,654) \$	\$ (1,750,392) \$	\$ (1,177,940) \$	\$ 7,530,225 \$

*Includes Gas Cost Balancing Account Adjustment from January 2013 - June 2013 of \$(0.10) per therm, and from July 2013 - December 2013 of \$0.00 per therm.

**SOUTHWEST GAS CORPORATION
ARIZONA
COMPUTATION OF GAS COST BALANCING
ACCOUNT ADJUSTMENT**

Line No.	Description (a)	Rate Per Therm (b)	Amount (c)	Line No.
1	Account No. 191 Balance as of August 31, 2012		\$ (57,776,332)	1
2	Sales Volumes for 12 months (Therms) [1]		506,318,121	2
	<u>Account No. 191</u>			
	Gas Cost Balancing Account Adjustment if the balance is collected over 12 months (Line 1 divided by Line 2)	\$ (0.11411)		3
4	Proposed Gas Cost Balancing Account Adjustment	\$ (0.10000)		4
5	Currently Effective Gas Cost Balancing Account Adjustment	<u>\$ (0.08000)</u>		5
6	Annual Increase/(Decrease) in Gas Cost Balancing Account Adjustment	<u>\$ (0.02000)</u>	<u>\$ (10,126,362)</u>	6

[1] Based on actual sales for the 12 months ended August 31, 2012.
(excluding Transporation, Optional and G-80) (Rev/95 Vista Rpt).